



LLEZELLE AGUSTIN DUGGER
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF CHARLOTTESVILLE

FOR THE PERIOD
OCTOBER 1, 2014 THROUGH MARCH 31, 2016

Auditor of Public Accounts
Martha S. Mavredes, CPA
www.apa.virginia.gov
(804) 225-3350



COMMENTS TO MANAGEMENT

We noted the following matters involving internal control and its operation that has led or could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

Properly Collect Estate Taxes (New)

The Clerk did not bill an estate for additional state and local probate taxes totaling \$395 for eight months after receiving the final inventory. In addition, the Clerk stated she has four other estates requiring additional tax payments that she has identified, but not billed for a period of five months.

The Clerk should bill the estates noted above for the additional state and local probate taxes due based on the final inventories, and ensure there is a procedure in place for timely billing for additional taxes in the future.

Properly Bill and Collect Court Fines and Costs (Repeat)

The Clerk and her staff did not properly bill and collect court costs. In 17 of 19 cases tested, we noted the following errors.

- Improperly assessed DNA fees resulted in state losses of \$76 and locality losses of \$28.
- Fees for Court Appointed Attorneys not assessed resulted in state losses of \$2,464.
- Locality fees for courthouse security and construction not assessed resulted in locality losses of \$289.
- The locality was not billed for the use of the public defender assigned a local case.
- Improperly assessed fines and attorney fees resulted in defendants being overcharged \$3,251.
- Improperly assessed restitution resulted in a loss to the victim of \$420.

The Clerk and her staff should correct the specific cases noted above and should establish a system of review to minimize the likelihood of billing errors going undetected. In all cases, the Clerk should bill and collect court costs in accordance with Code of Virginia.

Reconcile Bank Statements (Repeat)

The Clerk did not reconcile the court's bank account during the audit period. Timely and complete reconciliations are an essential internal control. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and increases the risk of loss of funds. The Clerk should reconcile system balances to the bank statement monthly and resolve all differences immediately.

Properly Record Revenue (New)

The Clerk did not properly record revenue in the automated land records management system implemented and managed by ACS. State grantor tax revenue earned on deed filings was improperly recorded as revenue earned on financing statements between February 24, 2015 and June 1, 2015. Timely and complete reviews of the monthly general ledger report are an essential internal control and would have disclosed the revenue error. The Clerk should review the general ledger on a monthly basis and resolve all discrepancies noted. Additionally, the Clerk should notify the Compensation Board of the error, and if required, submit amended year-end reports.

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Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 12, 2016

The Honorable Llezelle Agustin Dugger
Clerk of the Circuit Court
City of Charlottesville

Mike Signer, Mayor
City of Charlottesville

Audit Period: October 1, 2014 through March 31, 2016
Court System: City of Charlottesville

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this locality. Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies.

Management's Responsibility

Court management has responsibility for establishing and maintaining internal controls and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Deficiencies in internal controls could possibly lead to the loss of revenues or assets, or otherwise compromise fiscal accountability.

We noted matters involving internal control and its operation necessary to bring to management's attention. These matters are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these matters provided by the Clerk are included as an enclosure to this report.

The Clerk has taken adequate corrective action with respect to the internal control findings reported in the prior year that are not repeated in this letter.

We discussed these comments with the Clerk and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

MSM:clj

cc: The Honorable Timothy K. Sanner, Chief Judge
Maurice Jones, City Manager
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts

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September 9, 2016

Martha Mavredes
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

RE: City of Charlottesville Audit Responses & Corrective Action Plan
Audit Period: October 1, 2014 through March 31, 2016

Dear Ms. Mavredes:

This is my response and Corrective Action Plan for each of the areas listed in my October 2014-March 2016 Audit.

I. Properly Collect Estate Taxes

The personal representatives of the estates noted in the Audit have been notified of the additional probate taxes due and all additional probate taxes have been paid on those estates.

As Inventories get filed with our office, I will take more care that letters advising personal representatives of additional probate taxes due are sent out in a timely manner.

II. Properly Bill and Collect Court Fines and Costs

We dispute some of the findings for the stated reasons:

- A. The discrepancy involving the undercharging of Account Codes 228 and 244 (12 of the 17 cases noted) is based on my interpretation of the language of Va. Code §17.1-281 reflecting that the fee is to be assessed "per case". In other

words, if a defendant has multiple “charges” in one “case” in our Court, then we only assess these fees once for that case, not per charge in that case. This is distinct from Account Code 001 where Va. Code §17.1-275.12 states that the fee is to be assessed “upon each felony or misdemeanor conviction”.

- B. Eight (8) cases were cited with error in calculating attorney’s fees yet two (2) of them we found to be correct as assessed.
- C. One (1) case was cited with an error in overcharging Account Code 110 by \$1000.00 and Account Code 192 by \$50.00. The assessment of those costs is correct as the charge in that case was a DUI 3rd within ten years which per Va. Code §18.2-270(C) requires the imposition of a mandatory \$1000.00 fine while Va. Code §18.2-270.01 imposes a fee of \$50.00 to Account Code 192. The overcharging of these fees in Case No. CR14-161-01 is also disputed on the same basis.
- D. The other errors are duly noted as either clerical (misplacement of the decimal) or omissions by staff when calculating the costs to assess.

In our effort to catch possible errors immediately, my Chief Deputy reviews the BU03 Report daily and the BR32 Report monthly. We will continue our efforts in the training of our staff regarding the need to pay attention to these details.

III. Reconcile Bank Statements

I will continue my efforts to make sure that I reconcile system balances to the bank statement monthly and resolve all differences immediately.

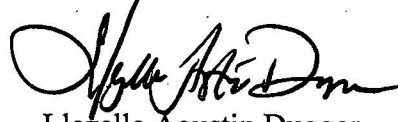
IV. Properly Record Revenue

Our office switched to a new automated land management system in late February 2015. I did not initially discover an error in the preset fee calculations in said system. The error resulted in monies being allocated to the incorrect account code during the implementation of the new system from February 24, 2015 to June 1, 2015. The error was discovered on June 1, 2015 and immediately corrected. From June 1, 2015, the fee calculations are accurate.

It should be noted that all funds collected were CORRECTLY transmitted to the Commonwealth immediately upon collection during that time period. I am currently working with the private vendor who manages our automated land management system to identify the exact amount allocated to the wrong account code. Once verified and properly documented, I will transmit a report to the Department of Accounts and the Compensation Board so that the allocation of the monies may be corrected.

In closing, I would like to thank Stephanie Serbia, Katherine St. Lawrence, and Roberta (I did not catch her last name). Their professionalism, patience, and assistance make it much easier for me to become a better Clerk each year I am in office.

Sincerely,

A handwritten signature in black ink, appearing to read "Llezelle Agustin Dugger". The signature is fluid and cursive, with the first name being the most prominent.

Llezelle Agustin Dugger
Clerk of Court
City of Charlottesville